

Medical devices used for diagnostic or treatment purposes do not qualify for the reduced rate of tax for medical appliances. See 86 Ill. Adm. Code 130.310(c). (This is a GIL.)

June 15, 2004

Dear Xxxxx:

This letter is in response to your letter dated May 7, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I have a question I hope you can answer definitively. Neither the supplier of the item in question nor IL DOR personnel at the 800 Phone number have been able to tell me for sure which tax applies—1% for Medical Items or the General Sales Tax.

The item is called a 'Basic Hip Kit'. The medical reason for the purchase and use of the Assisted Daily Living items contained in the Kit facilitate being able to dress myself below the waist since I'm unable to bend over after the surgery for a Total Hip Joint Replacement I underwent last month.

I would greatly appreciate an answer at the very soonest so I can pay the supplier the correct amount in a timely manner.

In general, in Illinois all gross receipts from sales of tangible personal property in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Medicines and medical appliances are not taxed at the normal rate of 6.25%. These items are taxed at a lower rate of 1%. See 86 Ill. Adm. Code 130.310. Items subject to this lower tax rate include prescriptions and nonprescription medicines, drugs, medical appliances, insulin, urine testing utensils, syringes, and needles used by diabetics, for human use.

A medical appliance is defined as any item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See part (c) of Section 130.310. Medical devices that are used for diagnostic or treatment purposes do not qualify for the lower tax rate. Generally, medical tools, devices and equipment used for diagnostic, rehabilitative and treatment purposes do not qualify for the reduced rate of tax for medical appliances as such items, while being used for treatment of patients, are not directly substituting for a malfunctioning part of the body. See 86 Ill. Adm. Code 130.310(c).

Wheelchairs and walkers qualify for the low rate of tax. However, hospital beds, patient lift systems, bed trapezes, and shower/commode chairs do not generally qualify for the low rate of tax. In order to qualify for the lower rate of tax as a medical appliance, the item must directly substitute for a malfunctioning part of the body. These items do not meet this requirement.

The Department would need additional information on the "Basic Hip Kit" including an itemized listing of the contents and medical declarations of each item prior to making a determination concerning the taxable issues involving the kits.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk